

6A-1.0081 Charter School and Charter Technical Career Center Monthly Financial Statements and Financial Conditions.

The following provisions have been established to prescribe the format for a charter school or charter technical career center's monthly financial statement required by Sections 1002.33(9)(g) and 1002.34(11)(f), F.S., respectively, and to administer the requirements of Section 1002.345(4), F.S.

(1) Monthly financial statement.

(a) A charter school or charter technical career center shall provide a monthly financial statement to the school or center's sponsor in accordance with Sections 1002.33(9)(g) and 1002.34(11)(f), F.S., respectively, that contains the following information:

1. Projected enrollment for current school year upon which the school's budget is based.
2. Actual enrollment at time statement is submitted.
3. A balance sheet with assets, liabilities, and fund balances.
4. Year-to-date comparison of budgeted versus actual revenues and expenditures.
5. Notes to the monthly financial statement to include other information material to the monthly financial statement. Material is defined as when the magnitude of an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement.

(b) The sponsor shall determine whether the monthly financial statement must be prepared on a cash or accrual basis and the selected format shall apply to all schools and centers in the district.

(c) Monthly financial statements shall be formatted in accordance with the accounts and codes prescribed in the publication titled, "Financial and Program Cost Accounting and Reporting for Florida Schools," which is adopted in Rule 6A-1.001, F.A.C.

(d) Charter schools and centers and sponsors shall agree in writing to the date by which the monthly financial statements are to be submitted, with the due date being no more than thirty (30) days after the last day of the month for the prior month's statement.

(e) Sponsors shall not require that monthly financial statements be prepared by an independent certified public accountant, unless otherwise agreed to in the charter or a financial recovery plan.

(f) The reporting requirements of this subsection are supplemental to any financial reporting requirements already established in the school or center's charter.

(2) Deteriorating financial condition. A deteriorating financial condition is defined as a circumstance that significantly impairs the ability of a charter school or charter technical career center to generate enough revenues to meet its expenditures without causing the occurrence of a condition described in Section 218.503(1), F.S., or a circumstance that has resulted or will result in the occurrence of a condition described in Section 218.503(1), F.S., if action is not taken to assist the school or center.

(a) A deteriorating financial condition may be identified in one of the following ways:

1. The sponsor may determine that a deteriorating financial condition exists through review of a charter school or charter technical career center's monthly financial statement. A deteriorating financial condition may include, but is not limited to, the existence of one or more of the following circumstances:

- a. The school or center's actual enrollment is seventy (70) percent or less of the projected enrollment for which the budget is based, or the enrollment is insufficient to generate enough revenues to meet expenditures;
- b. The school or center's actual expenses exceed budgeted expenses for a period of at least three (3) consecutive months in an amount that the school does not have sufficient reserves to compensate; or
- c. The school or center experiences an unbudgeted financial event for which the charter school has insufficient reserves to compensate.

The sponsor shall notify the school or center's governing board in writing within seven (7) business days of the determination.

2. An auditor may determine that a deteriorating financial condition as defined by Section 1002.345(1)(a)3., F.S., exists based on an annual audit performed pursuant to Section 218.39, F.S. If such a condition is identified, the auditor shall notify each member of the charter school or charter technical career center's governing board in accordance with Section 218.39(5), F.S. Upon receipt of notification, the governing board shall notify the sponsor of the deteriorating financial condition in writing within seven (7) business days.

(b) Upon determination under subparagraph (2)(a)1., of this rule or receipt of notification under subparagraph (2)(a)2., of this rule that a deteriorating financial condition exists, the sponsor shall notify the governing board of an expedited review, and both parties shall develop a corrective action plan pursuant to Section 1002.345(1)(c), F.S.

(3) Developing corrective action plans.

(a) If a corrective action plan is required due to the charter school or charter technical career center's failure to provide for an audit or failure to comply with statutory reporting requirements, the Commissioner shall maintain a record of the corrective action plan for the annual report required by Section 1002.345(3), F.S.

(b) If the corrective action plan is required due to the identification of a deteriorating financial condition or a condition specified in Section 218.503(1), F.S., the Commissioner shall review the corrective action plan within thirty (30) days of receipt to determine whether the strategies identified in the plan adequately address the financial challenges facing the charter school or charter technical career center.

1. If the Commissioner determines that the corrective action plan is sufficient, the Commissioner shall maintain a record of the corrective action plan for the annual report required by Section 1002.345(3), F.S., and the charter school or charter technical career center's governing board shall implement and monitor the corrective action plan in accordance with Sections 1002.33(9)(j)3. and 1002.34(13), F.S., respectively.

2. If the Commissioner determines that the corrective action plan is insufficient and a financial recovery plan is needed to resolve the condition, the charter school or charter technical career center shall be considered in a state of financial emergency pursuant to Section 218.503(4)(c), F.S.

(c) The corrective action plan shall include the following components:

1. A statement of the condition in Section 1002.345(1), F.S., that initiated the development of a corrective action plan. If the corrective action plan is required due to a deteriorating financial condition, the plan must include the three (3) most recent monthly financial statements submitted to the sponsor pursuant to subsection (1) of this rule and the most recent annual financial audit.

2. A description of actions that will be taken to resolve the condition, including a timeline.

3. A summary of the governing board's procedures for monitoring implementation of the plan.

4. A schedule for the governing board to provide progress reports to the sponsor.

5. Any additional components deemed necessary and agreed upon by the charter school governing board and the sponsor.

(d) If the governing board and the sponsor are unable to agree on a corrective action plan, a letter signed by both parties shall be sent to the Office of Independent Education and Parental Choice requesting the involvement of the Commissioner pursuant to Section 1002.345(1)(c), F.S. The letter shall include:

1. A statement of the condition in Section 1002.345(1), F.S., that initiated the development of a corrective action plan.

2. A summary of the proposed corrective action for each party.

Within thirty (30) days of receipt of the request, the Commissioner shall determine the components of the corrective action plan, including the reporting requirements for the governing board and monitoring requirements for the sponsor.

(4) Determining a state of financial emergency.

(a) If the Commissioner is notified pursuant to Section 1002.345(2)(a)1., F.S., that a charter school or charter technical career center's financial audit reveals one or more of the conditions specified in Section 218.503(1), F.S., the governing board and the sponsor shall develop a corrective action plan for submission and review pursuant to paragraph (3)(b) of this rule.

(b) If the Commissioner is notified pursuant to Section 218.503(2), F.S., that one or more of the conditions specified in Section 218.503(1), F.S., have occurred or will occur if action is not taken to assist, the governing board and the sponsor shall develop a corrective action plan for submission and review pursuant to paragraph (3)(b) of this rule.

(5) Developing financial recovery plans.

(a) If the Commissioner determines that a charter school or charter technical career center is in a state of financial emergency, the financial recovery plan prepared and filed in accordance with Section 1002.345(2)(a)2., F.S., by the school or center's governing board shall replace any existing corrective action plan created pursuant to paragraph (3)(b) of this rule.

(b) The financial recovery plan shall include the following components:

1. A statement of the condition identified in Section 218.503(1), F.S., that resulted in the determination of a state of financial emergency.

2. A description of the actions that will resolve or prevent the condition, including a timeline.

3. A summary of the governing board's procedures for monitoring the implementation of the plan.

4. A schedule for the governing board to provide progress reports to the Commissioner and the sponsor.

5. Any additional components deemed necessary by the school or center's governing board.

(c) The Commissioner shall review and approve or reject financial recovery plans pursuant to Section 218.503(4), F.S., within thirty (30) days of receipt.

(6) Correspondence. All correspondence to the Commissioner of Education related to the financial condition of a charter school or charter technical career center shall be addressed to the Office of Independent Education and Parental Choice, 325 W. Gaines Street, Suite 522, Tallahassee, Florida 32399-0400. In addition, electronic correspondence related to the school or center's financial condition shall be sent to charterschools@fldoe.org. This includes notifications that a financial condition identified in Section 218.503(1), F.S., has occurred or will occur, requests for the involvement of the Commissioner in creating a corrective action plan, completed corrective action plans, and completed financial recovery plans.

Rulemaking Authority 218.503, 1001.02(1), 1002.345 FS. Law Implemented 218.39, 218.503, 1002.33(9)(g), 1002.34(11)(f), 1002.345 FS. History—New 5-3-10.